

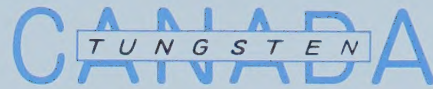
AR79

annual
report
1971

Canada Tungsten Mining Corporation Ltd.



THE ANNUAL MEETING of the Shareholders of Canada Tungsten Mining Corporation Limited will be held on Thursday, April 27, at 11:00 o'clock in the forenoon in the York Room, Royal York Hotel, Toronto, Ontario.



MINING CORPORATION LIMITED

Executive Office

Suite 505 - 67 Richmond St. W., Toronto, Ont.

Branch Office

80 Niobe Street, North Vancouver, B.C.

Officers

FRED E. HALL, *President*

J. B. REDPATH, *Vice-President*

E. H. HODDINOTT, *General Manager*

R. G. HORNCastle, *Secretary-Treasurer*

Directors

SENATOR JOHN B. AIRD, Toronto

J. M. RICHARD CORBET, Toronto

FRED E. HALL, Toronto

DR. E. B. GILLANDERS, Vancouver

PIERRE GOUSSELAND, New York

J. B. REDPATH, Toronto

H. A. SAWYER, JR., New York

Transfer Agents and Registrars

CANADA PERMANENT TRUST COMPANY
1901 Yonge Street, Toronto, Ont.

Bankers

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto and Vancouver

Auditors

DELOITTE, HASKINS & SELLS
Royal Trust Tower, Toronto, Ont.

Directors' Report to the Shareholders

Your Directors present herewith the Annual Report of your Company, together with your General Manager's Report and audited Financial Statements for the year ended December 31, 1971.

The results for the 1971 operations were well below the 1970 results. The net profit in 1971 was \$934,498, equal to 18.7¢ per share against \$1,761,187, equal to 35.3¢ per share in 1970. The substantially lower demand for tungsten in Europe and Japan, the lower Metal Bulletin price, higher operation costs and the lower premium on the U.S. Dollar, all contributed to the lower profit. The cutback in steel production in the U.S.A., Europe and Japan and reduced consumption of tungsten carbides notably affected the last half of 1971. The general slow-down has continued over into 1972 but is expected to pick up in the latter half of the year. With the removal of the surcharge, the U.S. duty has reverted to \$3.965 from \$7.93 per s.t.u. and we will again be able to sell into that market.

During 1971 dividends of \$1,247,500 were paid. Interim Dividend No. 2 of 20¢ per share was paid April 15 based upon 1970 final earnings. Interim Dividend No. 3 of 5¢ per share

was paid October 21, 1971 based upon first half of 1971 earnings. Interim Dividend No. 4 of 5¢ per share based on final 1971 earnings was declared March 10, 1972, payable April 17, 1972. Future dividends will depend on the future earnings and cash requirements of the Company.

Arrangements have been made to convert some product into ferro tungsten in Canada. Potentially this can help us supply high speed tool steel companies in Canada and abroad.

Copper was stockpiled during the year. With the reduction in price and the substantial increase in smelter charges in Japan, it became uneconomical to ship concentrates under presently available transportation arrangements. At year end, stocks totalled 241,800 lbs. of copper in concentrate.

The production of 154,363 s.t.u.'s of tungsten was below 1970 due to the higher percentage of lower grade chert type ore milled. The chert type ore is refractory and required major additions to the mill to increase capacity and possibly improve the overall recovery of scheelite. These additions were completed by year end.

The remaining skarn reserves in place at December 31, 1971 amount to 443,700 tons grading 1.36% WO₃. Drilling during the past summer has enlarged the chert formation underlying the present pit to approximately 3,500,000 tons containing an estimated 0.65% WO₃. Most of this material could only be recovered by underground methods and it is presently not considered ore. It is anticipated that about 700,000 tons of this chert material of somewhat higher grade can be recovered along with the skarn ore in the present pit.



Diamond drilling mine area

Economics prevailing and mining conditions will determine the amount of this material that will be mined.

Exploration drilling north of the present orebody intersected a skarn zone in 4 holes. This zone is approximately 1800 ft. N and at a 400 ft. lower elevation than the present orebody. The results are encouraging and it is planned to complete several diamond drill holes, starting in June, to obtain more information as to the attitude of the zone before a decision is made to drive an adit to explore it from underground. A total of 400 claims were staked to protect tungsten showings located in



Stockpiling ore

1971 field season. Further work is planned for 1972. A number of other properties were examined but nothing of economic importance was discovered.

Tungsten carbide still remains the number one use of tungsten, followed by high speed tool steel, tungsten metal and alloys, and numerous other uses. At a time when industrial technology emphasizes high performance and high productivity, the high-strength, high-temperature and wear-resistant properties of

tungsten will be increasingly called into service. Although tungsten is expensive compared to most other metals, a little tungsten can go a long way and in numerous applications will prove more economical in the long run. Although tungsten is undergoing one of its cyclical adjustments at this time, its long term future seems quite attractive.

The large reserves in People's Republic of China continue to overhang the world market as does the U.S. stockpile surplus. The current softness in the tungsten market can be partially traced to the large quantity (53 million lbs. of tungsten) released from the U.S. stockpile during 1969 and 1970. It is hoped that the U.S. Government will carefully watch the stockpile release program during the coming years.

Your Directors acknowledge the loyal and dedicated services of your General Manager, E. H. Hoddinott, and your Mine Manager, J. Keily, and their staff, during the past year.

On behalf of the Board,

FRED E. HALL,
President.

MINING CORPORATION LIMITED

(Incorporated under The Corporations Act, Ontario)

BALANCE SHEET as at

(with 1970 figures)

ASSETS

CURRENT ASSETS:	1971	1970
Cash	\$ 71,974	\$ 83,753
Short-term notes	1,900,000	2,560,809
Accounts receivable	1,589,424	1,859,762
Inventory of concentrates — valued at the lower of cost or net realizable value	774,047	512,001
Inventory of ore in stockpile — at cost	455,262	379,140
Total current assets	<u>4,790,707</u>	<u>5,395,465</u>
 FIXED ASSETS:		
Buildings, plant and equipment — at cost	6,756,349	6,150,029
Less accumulated depreciation (Note 1)	3,892,690	3,083,504
	<u>2,863,659</u>	<u>3,066,525</u>
Mining property — at cost	125,000	125,000
Net fixed assets	<u>2,988,659</u>	<u>3,191,525</u>
 OTHER ASSETS:		
Inventory of supplies — at cost	420,004	371,030
Development and pre-production expenses — at cost less amounts written off (Note 1)	1,487,686	1,842,720
Deferred charges	—	55,380
Total other assets	<u>1,907,690</u>	<u>2,269,130</u>
TOTAL	<u>\$9,687,056</u>	<u>\$10,856,120</u>

The accompanying notes are an integral part of the financial statements.

at December 31, 1971

(for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	1971	1970
Accounts payable and accrued charges	\$ 335,369	\$ 572,463
Income taxes and N.W.T. mining royalty	(36,802)	337,000
Total current liabilities	298,567	909,463
DEFERRED INCOME	—	230,166
DEFERRED INCOME TAXES	472,000	487,000
SHAREHOLDERS' EQUITY:		
Capital stock:		
Authorized:		
5,000,000 shares of a par value of \$1 each		
Issued and fully paid:		
4,990,000 shares	4,990,000	4,990,000
Less discount	1,372,851	1,372,851
	3,617,149	3,617,149
Retained earnings	5,299,340	5,612,342
Total shareholders' equity	8,916,489	9,229,491
Approved by the Board:		
FRED E. HALL, Director.		
J. B. REDPATH, Director.		
TOTAL	\$9,687,056	\$10,856,120

AUDITORS' REPORT

To the Shareholders of
Canada Tungsten Mining Corporation Limited:

We have examined the balance sheet of Canada Tungsten Mining Corporation Limited as at December 31, 1971 and the statements of income and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1971 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

DELOITTE, HASKINS & SELLS,
Auditors.

February 23, 1972.

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Year Ended December 31, 1971

(with 1970 figures for comparison)

	1971	1970
INCOME FROM OPERATIONS BEFORE THE UNDERNOTED (Note 2)	\$2,972,399	\$4,265,193
ADD:		
Interest on short-term notes	130,174	133,637
	<u>3,102,573</u>	<u>4,398,830</u>
DEDUCT:		
Debenture interest	—	46,257
N.W.T. mining royalty	34,153	107,000
	<u>34,153</u>	<u>153,257</u>
INCOME BEFORE THE UNDERNOTED	<u>3,068,420</u>	<u>4,245,573</u>
LESS:		
Depreciation (Note 1)	826,407	794,570
Loss (gain) on sale of fixed assets	(7,095)	17,629
Amortization of debenture discount	—	206,000
Amortization of development and pre-production expenses (Note 1)	355,035	425,938
Exploration expenses	466,575	323,249
	<u>1,640,922</u>	<u>1,767,386</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	<u>1,427,498</u>	<u>2,478,187</u>
PROVISION FOR INCOME TAXES:		
Current	508,000	230,000
Deferred	(15,000)	487,000
	<u>493,000</u>	<u>717,000</u>
NET INCOME FOR THE YEAR	934,498	1,761,187
RETAINED EARNINGS AT BEGINNING OF THE YEAR	5,612,342	4,350,155
	<u>6,546,840</u>	<u>6,111,342</u>
DIVIDENDS PAID	1,247,500	499,000
RETAINED EARNINGS AT END OF THE YEAR	<u>\$5,299,340</u>	<u>\$5,612,342</u>
NET INCOME PER SHARE	<u>18.7¢</u>	<u>35.3¢</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1971

(with 1970 figures for comparison)

FUNDS PROVIDED:	1971	1970
Net income for the year	\$ 934,498	\$1,761,187
Items not involving funds:		
Depreciation	826,407	794,570
Amortization of development and pre-production expenses	355,035	425,938
Amortization of debenture discount	—	206,000
Deferred income taxes	(15,000)	487,000
Deferred income	(230,166)	(448,961)
Supplies, deferred charges and other items	13,178	(9,555)
Funds provided from operations	<u>1,883,952</u>	<u>3,216,179</u>
 FUNDS APPLIED:		
Additions to fixed assets	630,314	208,867
Dividends paid	1,247,500	499,000
	<u>1,877,814</u>	<u>707,867</u>
INCREASE IN WORKING CAPITAL FOR THE YEAR	6,138	2,508,312
WORKING CAPITAL AT BEGINNING OF THE YEAR	4,486,002	1,977,690
WORKING CAPITAL AT END OF THE YEAR	<u>\$4,492,140</u>	<u>\$4,486,002</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1971

1. Depreciation and Amortization

It is the Company's practice to provide for depreciation of buildings, plant and equipment at 15% per annum on a straight-line basis.

Development and pre-production expenses are being amortized over the estimated life of the mine on the basis of units sold.

2. Sales Disclosure

Pursuant to Section 173 of The Business Corporations Act, 1970 (Ontario), an order was obtained from the Ontario Securities Commission permitting the company to omit disclosure of sales

in the statement of income for the year ended December 31, 1971.

3. Remuneration of Directors and Senior Officers

Remuneration of directors and senior officers, as defined by The Business Corporations Act, 1970 (Ontario), amounted to \$117,500 for the year ended December 31, 1971 (1970 — \$101,000).

4. Conversion of U.S. Dollars

At December 31, 1971, accounts receivable due in U.S. dollars have been converted to Canadian dollars at the current rate of exchange, \$1.00 U.S. = \$1.0022 Canadian.

5. 1970 Figures for Comparison

Certain of the 1970 figures have been reclassified to conform to the 1971 presentation.

CANADA TUNGSTEN

MINING CORPORATION LIMITED

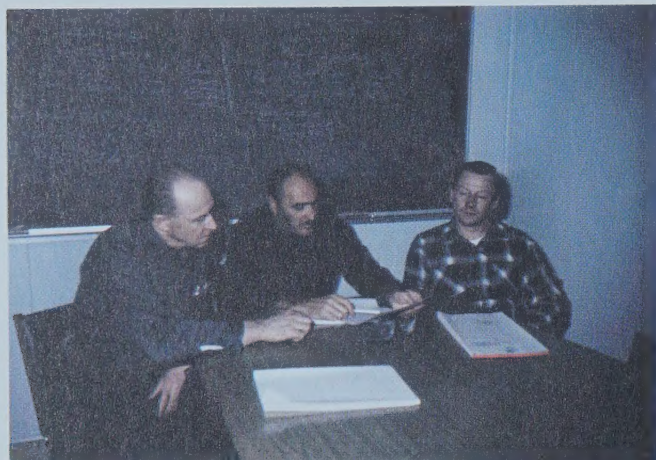
Report of the General Manager

The President and Board of Directors,
Canada Tungsten Mining Corporation Limited.

Dear Sirs:

The following is a report covering the 1971 operation of the mine at Tungsten, N.W.T. and the Leach Plant in North Vancouver.

Continuous production of high quality scheelite concentrates was maintained throughout the year.



J. K. Kervin, asst. mine manager; E. H. Hoddinott, general manager; J. A. Keily, mine manager

CONCENTRATOR

A total of 181,596 tons of ore, containing 1.19% WO_3 and .15% Cu were processed. Total production amounted to 164,420 short ton units of WO_3 and 241,797 lbs. of copper.

The Concentrator operated at 93.70% of possible time treating an average of 498 dry tons per day.

Overall recoveries of WO_3 averaged 76.39%.

Metallurgical research indicated that improvement in recovery could be achieved through the installation of additional equipment. Construction started in June and the altered and enlarged circuit was put on stream in December.

Copper concentrates produced during the year were containerized and stockpiled due to the depressed copper market.

MINING

Mining in 1971 was carried out between June 1st and early October on a six day per week schedule.

During this period 202,000 tons of ore, containing an average of 1.06% WO_3 were mined, crushed and

stockpiled. Waste removal amounted to 250,000 tons with an additional 150,000 tons broken and ready for removal in 1972.

There were no significant changes in the mining equipment or methods from the previous year.

ORE RESERVES

At December 31, 1971, estimated reserves of ore in place amounted to 443,778 tons grading 1.36% WO_3 , containing 604,727 s.t.u.'s along with 107,882 tons of ore in the stockpile grading 1.22% WO_3 , containing 131,356 s.t.u.'s.

GENERAL

Availability of skilled personnel continued to be good throughout the year with a large percentage of seasonal pit employees returning from the previous year.

Mr. John J. Kervin, P.Eng., joined our mine staff as Assistant Mine Manager.

In conjunction with the mill expansion a new tailings impoundment area was constructed in the valley south of the plant and townsite.

To carry out our construction and diamond drilling program for the year the single status accommodations were increased by the purchase of a mobile dormitory unit to accommodate twenty men.

LEACH PLANT OPERATION

The Vancouver Leach Plant operated continuously on a five day per week schedule.

The metallurgical changes made at the mine concentrator improved the Vancouver leaching operation. Improved recoveries during the latter half of the year resulted in an overall average recovery of 98%.

I would like to recognize the assistance received from Mr. Allen Born, Chief Metallurgist of Climax Molybdenum Company, and my appreciation to Mr. John Keily, Resident Manager, and his able staff for their cooperation and commendable performance during the year and particularly in regard to the construction program completed with a minimum disruption to operations.

Respectfully submitted,

E. H. HODDINOTT,
General Manager.

March 10, 1972.



ALASKA

BEAUFORT SEA

YUKON

NORTHWEST TERRITORIES

TERRITORY

CASSIAR
ASBESTOS CORP.
(CLINTON CREEK)

CREST
EXPLORATIONS

Great Bear
Lake

Port Radium

Anchorage

Seward

ALASKA
HIGHWAY

Dawson

UNITED KENO
HILL MINES

Keno Hill

ANVIL MINING CORP. LTD.

Ross River

WHITEHORSE

WHITEHORSE
COPPER
MINES LTD.

Haines

Teslin

Skagway

CASSIAR
ASBESTOS CORP.

Watson Lake

CANADA
TUNGSTEN
MINING CORPORATION LIMITED

Rae

Yellowknife

Great
Slave Lake

PINE POINT MINES LTD.

PACIFIC
OCEAN

BRITISH
COLUMBIA

GRANDUC MINES

BRITISH COLUMBIA
MOLYBDENUM

Lake
Athabasca

Fort Nelson

Fort St. John

Dawson Creek

Prince Rupert

Prince George

ALBERTA

Peace River

EDMONTON

CALGARY

VANCOUVER

VICTORIA

SEATTLE

SPOKANE

MEDICINE HAT

SASKATCHEWAN

UNITED STATES

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Miles

